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Congress of the United States
House of Representatives
Washington, DC 20515-3005

October 11th, 2018

Honorable Charles P. Rettig
Commissioner
Internal Revenue Service
1111 Constitution Avenue, Northwest
Washington, DC 20224

Dear Commissioner Rettig:

I am writing regarding the recent Internal Revenue Service (IRS) proposed rulemaking restricting the Charitable Deduction (Reg- 112176-18). This rulemaking is contrary to Congress' intent, arbitrary and capricious, and a tax hike on New Jersey residents. With nearly half of New Jersey residents claiming an average of \$18,092 in State and Local Tax (SALT) deductions, the capping of the deduction at \$10,000 has led to a dramatic increase on our constituents. I urge you to rescind this Charitable Deduction rulemaking so we can give Americans in payor states like New Jersey, a true tax cut.

Indeed, if Congress had intended to eliminate these well-known programs, it surely would have included specific language to that effect in the Tax Hike bill (P.L. 115-97) or even in the recently considered Tax Hike 2.0 bill (H.R. 6760). The new restrictions proposed by the IRS are not authorized by Congress. The law enacted in December 2017 included no reference to new limitations on the Charitable Deduction proposed in this regulation despite making other changes of importance to the deduction. Given that more than a 100 of these charitable programs already existed in 33 states, Congress would have enacted clear and explicit legislative language instructing the IRS to issue such regulations. Further, many of these charitable programs have existed for decades. The fact that the Treasury and IRS chose to act now is clearly bureaucratic overreach with punitive and political intent to largely punish certain states and urban areas with political differences. This rulemaking is deviating from the specific language and intent of the still fresh tax legislation to merely serve cynical political ends.

Additionally, the structure of the rulemaking is arbitrary and capricious, both in terms the underlying principle as a tax policy and its details. The threshold creates a tax principle that permits some charitable programs to exist with the benefit of the Charitable Deduction, while others are denied—allowing the government bureaucrats to pick winners and losers. The new 15 percent threshold also lacks sufficient basis and reasoning. I respectfully request further information from the IRS on the reasoning behind the specific threshold.

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While I am particularly concerned about the Administration instituting another tax hike on New Jersey, this issue is affecting nearly 32 states currently leveraging the deduction for other local and state goals. As previously noted, there are more than 100 programs currently in existence across the country, including in red states like South Carolina, Georgia, Alabama and Arizona. This will be a tax hike on the residents of these states that currently leverage the Charitable Deduction for donations.

Treasury's arbitrary fiat will encourage more people and businesses to flee our state and leave every other resident of our state holding the bag. It's imperative we work together to get our tax policy right. I look forward to your response on this important matter and urge you to stop these efforts to increase taxes.

Sincerely,



Josh Gottheimer
MEMBER OF CONGRESS